

CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
BOND FINANCING PROGRAM
Meeting Date: March 26, 2008
Executive Summary
Request for Final Resolution and
Assistance from the Small Business Assistance Fund

Prepared by: *Michael Smith*

Applicant:	Solid Wastes of Willits, Inc. and/or its Affiliates	Amount Requested:	\$4,195,000
Project	Cities of Willits and Gualala	Application No.:	795 (SB)
Location:	(Mendocino County)	Final Resolution No.:	471
		Prior Actions:	IR 07-03 approved 3/20/07

Type of Business: Solid Wastes of Willits, Inc and/or its Affiliates (the “Company”) provides residential and commercial solid waste refuse collection and disposal services for the unincorporated areas of Mendocino County, the Brooktrails Township Community Services District, and the City of Willits.

Project Description: The Company anticipates using bond proceeds to further serve the Company’s customers. The Project is outlined below.

- *350 – 351 Franklin Avenue, Willits:* The Company plans to construct and equip a material recovery facility (MRF), purchase diesel fueling equipment, and to fence and pave the property.
- *40855 Fish Rock Road, Gualala:* This site is a transfer station owned and operated by the County of Mendocino. The Company intends to operate, manage, and improve the site for the County.
- *Systemwide improvement:* The Company intends to purchase a waste collection vehicle, retrofit existing vehicles, and purchase a forklift and waste collection carts.

The vehicles purchased may be housed from time to time at any of the Company’s operating locations.

Public Benefits: The Company represents that the Project is designed to generate the public benefits described below.

Waste Diversion. The Company represents that the MRF will assist the communities served in meeting AB 939 landfill-diversion requirements.

Other. The Company represents that the following tax revenues will be generated by the Project:

Sales tax	\$240,000 (one time)
Payroll Taxes	\$45,000 annually
Secured and unsecured property taxes	\$20,000 annually
Vehicle licensing fees	\$5,000 annually

Additionally, the Company anticipates creating six full-time jobs at its new MRF.

Pollution Control: The Company represents that the Project will generate the pollution control benefits described below.

Improved Air Quality. The collection vehicle to be acquired will be CARB compliant, which will further reduce emission of air pollutants compared with the vehicle currently in use.

Improved Water Quality. The proposed facility will be operating on concrete or asphalt paved surfaces and will not operate on exposed ground areas. This will prevent seepage of undesirable materials into the ground water.

Improved Energy Efficiency. It is anticipated that the new vehicle will be more fuel efficient than the one it will replace, thereby reducing the Company's use of fossil fuels.

Recycling of Commodities. The new MRF will allow for greater space within which to sort and recycle construction and demolition debris and allow for sorting and recycling material from community cleanup projects, which is currently not consistently MRF processed. Therefore, the Company anticipates an unspecified increase in the amount of material diverted and recycled from the waste stream in its service area.

Safe Disposal of Solid Waste. Safe disposal of solid waste that is in compliance with all applicable state and federal environmental regulations regarding solid waste disposal will result upon implementation of the Project.

SBAF Assistance: The Company is a small business, eligible for assistance from the SBAF in an amount not to exceed \$197,120.

Permits: The Company provided staff with copies of its Solid Waste Facilities Permit, Conditional Use Permit, and Notice of Determination for its Willits site. A copy of the Solid Waste Facilities Permit was submitted for the Gualala site.

Financing Details: The Company anticipates issuance of a public offering of a weekly variable rate bond with a term not to exceed 30 years. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit from Union Bank of California that is rated "A-/F1" or better by Fitch Ratings.

Financing Team:

Underwriter: Westhoff, Cone & Holmstedt

Bond Counsel: Law Offices of Leslie M. Lava

Financial Advisor: Andrew S. Rose

Issuer's Counsel: Office of the Attorney General

Legal Questionnaire: Staff has reviewed the Company's responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Staff Recommendation: Staff recommends approval of Final Resolution No. 471 for an amount not to exceed \$4,195,000 and a SBAF Resolution in an amount not to exceed \$197,120 for Solid Wastes of Willits, Inc. and/or its Affiliates.

**SOLID WASTES OF WILLITS, INC.
AND/OR ITS AFFILIATES**

Bond Amount: \$4,195,000

Cities of Willits and Gualala
(Mendocino County)

Application No. 795 (SB)

March 26, 2008

STAFF SUMMARY – CPCFA

Prepared by: *Michael Smith*

ISSUE:

Solid Wastes of Willits Inc. and/or its Affiliates (the “Company”) requests approval of Final Resolution No. 471 for an amount not to exceed \$4,195,000 to finance site improvements and equipment purchases and approval of a Small Business Assistance Fund (SBAF) Resolution in an amount not to exceed \$197,120.

CDLAC Allocation. The Company has applied to CDLAC for the March 26, 2008 round of allocation.

TEFRA. The TEFRA hearing was held on December 19, 2007. There were no comments received in support of or in opposition to this Project.

SBAF Assistance. The Company is a small business eligible for assistance from the SBAF in an amount not to exceed \$197,120.

BORROWER:

The Company incorporated in California on December 5, 1985, and provides solid waste collection services for the unincorporated areas of Mendocino County, the Brooktrails Township Community Services District, and the City of Willits. Solid Wastes of Willits, Inc. is affiliated with the following Companies:

- Willits Solid Wastes
- Solid Waste Recycling Center
- Willits Solid Waste Transfer & Recycling Center
- Covelo Solid Waste Transfer & Recycling Center
- Mendocino Solid Wastes
- Bio-Waste Composting
- Laytonville Solid Waste Transfer & Recycling Center
- Westport Solid Waste Transfer & Recycling Center

The Principal shareholders for Solid Wastes of Willits, Inc. are as follows:

Gerald W. Ward.....	44%
Sandra L. Ward	48%
Julie P. Martin	8%
Total.....	100%

Legal Questionnaire. Staff has reviewed the Company’s responses to the questions contained in the Legal Status portion of the Application. No information was disclosed that raises questions concerning the financial viability or legal integrity of this applicant.

Prior Actions and Financings. Prior CPCFA financings for the Company are shown below. All required principal and interest payments have been made in a timely manner.

Description	Date of Bond Issue	Original Amount	Amount Outstanding as of 03/01/2008
Solid Wastes of Willits, Inc. 2000A	09/20/2000	\$3,300,000	\$2,345,000
Solid Wastes of Willits, Inc. 2000B (Taxable)	09/20/2000	<u>620,000</u>	<u>0</u>
TOTALS:		<u>\$3,920,000</u>	<u>\$2,345,000</u>

PROJECT INFORMATION:

The Company anticipates using bond proceeds to further serve the Company’s customers. The Project is outlined below.

- *350 – 351 Franklin Avenue, Willits:* The Company plans to construct and equip a material recovery facility (MRF), purchase diesel fueling equipment, and to fence and pave the property.
- *40855 Fish Rock Road, Gualala:* This site is a transfer station owned and operated by the County of Mendocino. The Company intends to operate, manage and improve the site for the County.
- *Systemwide improvements:* The Company intends to purchase a waste collection vehicle, retrofit existing waste collection vehicles; and purchase a forklift and waste collection carts.

The anticipated Project and issuance costs are listed below:

Site preparation/construction of new building	\$1,525,000
Acquisition and installation of new equipment	2,380,605
Bond issuance expenses and contingency	<u>289,395</u>
Total:.....	<u>\$4,195,000</u>

Note: The Project costs reported in the Borrower’s application and shown here in staff’s report are estimated costs. At the time this financing closes, the estimated Project costs will be finalized and stated in the Tax Certificate. Variations from the costs shown in the application and in this report may occur prior to the closing due increased costs of certain components of the Project from original estimates, and other reasons. In addition, such costs may vary after closing due also to increased costs, as well as common design and equipment modifications during construction, differences in equipment due to future changes in law or regulation or for other reasons. However, the Borrower confirms, through submission of a signed application and will confirm through covenants and representations in various bond documents, that all assets purchased with bond proceeds will qualify for tax exempt financing, that they will be used to complete the Project as described, and that the average life tests required by federal law and described in the Tax Certificate will continue to be met. Tax-exempt financing may be only one source out of multiple sources of financing for a given project.

PUBLIC BENEFITS:

The Company represents that the Project is designed to generate the public benefits described below.

Waste Diversion. The Company represents that the MRF will assist the communities served in meeting AB 939 landfill-diversion requirements.

Other. The Company represents that the following tax revenues will be generated by the Project:

Sales tax	\$240,000 (one time)
Payroll Taxes	\$45,000 annually
Secured and unsecured property taxes	\$20,000 annually
Vehicle licensing fees	\$5,000 annually

Additionally, the Company anticipates creating 6 full-time jobs at its new MRF.

POLLUTION CONTROL:

The Company represents that the Project will generate the following pollution control benefits.

Improved Air Quality. The collection vehicle to be acquired will be CARB compliant which will further reduce emission of air pollutants compared with the vehicle currently in use.

Improved Water Quality. The proposed facility will be operating on concrete or asphalt paved surfaces and will not operate on exposed ground areas. This will prevent seepage of undesirable materials into the ground water.

Improved Energy Efficiency. It is anticipated that the new vehicle will be more fuel efficient than the one it will replace, thereby reducing the Company's use of fossil fuels.

Recycling of Commodities. The new MRF will allow for greater space within which to sort and recycle construction and demolition debris and allow for sorting and recycling material from community cleanup projects, which is currently not consistently MRF processed. Therefore, the Company anticipates an unspecified increase in the amount of material diverted and recycled from the waste stream in its service area.

Safe Disposal of Solid Waste. Safe disposal of solid waste that is in compliance with all applicable state and federal environmental regulations regarding solid waste disposal will result upon implementation of the Project.

PERMITTING & ENVIRONMENTAL APPROVALS:

The Company provided staff with copies of its Solid Waste Facilities Permit, Conditional Use Permit, and Notice of Determination for its Willits site. A copy of the Solid Waste Facilities Permit was submitted for the Gualala site.

ANTICIPATED TIMELINE:

The Company states that construction, renovations, and equipment purchases commenced in June 2007 and are scheduled to be completed in June 2008.

FINANCING DETAILS:

The Company anticipates a public offering of a weekly variable rate bond issue with a term not to exceed 30 years. The Company plans to secure the bonds with an irrevocable, direct pay Letter of Credit from Union Bank of California that is rated "A-/F1" or better by Fitch Ratings. The target date for financing is April, 2008.

FINANCING TEAM:

Underwriter: Westhoff, Cone & Holmstedt
Bond Counsel: Law Offices of Leslie M. Lava
Financial Advisor: Andrew S. Rose
Issuer's Counsel: Office of the Attorney General

RECOMMENDATION:

Staff recommends approval of Final Resolution No. 471 for an amount not to exceed \$4,195,000 and a SBAF Resolution in an amount not to exceed \$197,120 for Solid Wastes of Willits, Inc. and/or its Affiliates.

FINAL BOND RESOLUTION OF THE
CALIFORNIA POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO FINANCING FOR
SOLID WASTE DISPOSAL FACILITIES AND EQUIPMENT FOR
SOLID WASTES OF WILLITS, INC. AND/OR ITS AFFILIATES

March 26, 2008

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has heretofore approved the application of Solid Wastes of Willits, Inc. (the “Borrower”), for financial assistance to finance the construction and equipping of, and site improvements to, a materials recovery facility and diesel fueling station, the construction of improvements to an existing transfer station, the acquisition or retrofitting of rolling stock and vehicles for the collection, processing and transfer of solid waste and the acquisition of carts, bins, containers and other equipment for the collection, processing and transfer of solid waste, all of which will be used to serve the Borrower’s customers throughout its service territories in one or more areas of incorporated and unincorporated Mendocino County, California, and all as more particularly described in the Term Sheet attached hereto as Exhibit A and incorporated herein (the “Term Sheet”) (collectively, the “Project”); and

WHEREAS, the Borrower has requested the Authority to issue its revenue bonds from time to time in an amount not to exceed \$4,195,000 to assist in the financing of the Project; and

WHEREAS, the proceeds of such revenue bonds will be loaned to the Borrower under a loan agreement with the Authority; and

WHEREAS, final approval of the terms of such revenue bonds and certain documents relating to such revenue bonds is now sought; and

WHEREAS, the Borrower has provided documentation to the Authority demonstrating that the Project has complied with Division 13 (commencing with Section 21000) of the Public Resources Code, or is not a project under that division; and

WHEREAS, in order to enhance the marketability of the bonds, the Borrower has arranged for a financial institution, as named in the Term Sheet, to secure the bonds through the issuance of its direct-pay irrevocable letter of credit, thereby guaranteeing their repayment;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The Project constitutes a “project” and the Borrower is a “participating party” within the meaning of the California Pollution Control Financing Authority Act (the “Act”).

Section 2. Pursuant to the Act, revenue obligations of the Authority, designated as the “California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Solid Wastes of Willits, Inc. Project) Series 2008A” (the “Bonds”), or such alternate designation as may be approved by the Executive Director of the Authority, in an aggregate principal amount not to exceed \$4,195,000, are hereby authorized to be issued. The Bonds may be issued at one time, or from time to time, in one or more series separately or differently identified, and may be issued in a tax-exempt or taxable mode, all in accordance with the Indenture (as hereinafter defined) as finally executed. The proceeds of the Bonds shall be used to finance the Project and to pay costs of issuance of the Bonds.

Section 3. The Treasurer of the State of California (the “Treasurer”) is hereby authorized to sell the Bonds, at one time or from time to time before December 31, 2008, by negotiated sale, at such price and at such interest rate or rates and in such mode (taxable or tax-

exempt) as he may determine, such determination to be as set forth in the hereinafter referred to Purchase Contract.

Section 4. The proposed form of loan agreement relating to the Bonds (the “Loan Agreement”), between the Authority and the Borrower, as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. The Chairman or any Deputy to the Chairman, together with the Executive Director of the Authority (collectively, the “Authorized Signatories” and each, individually, an “Authorized Signatory”) are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Borrower the Loan Agreement in substantially the form filed with the Authority, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect the form of credit enhancement for the Bonds) as the officer executing the same, with the advice of the Attorney General of the State of California (the “Attorney General”), may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by execution and delivery thereof. The Authority understands and agrees that pursuant to the terms of the Loan Agreement, the obligations of the Borrower may, under some circumstances, be carried out or assumed by a successor or assignee entity, or by an Affiliate of the Borrower. For purposes of this Resolution, an “Affiliate” of the Borrower means any person or entity which meets the definition of “Participating Party” in the Act and controls, is controlled by, or is under common control with, the Borrower, as shown by the possession, directly or indirectly, of the power to direct or cause the direction of its management or policies, whether through majority equity ownership, contract or otherwise.

Section 5. The proposed form of indenture relating to the Bonds (the “Indenture”), between the Authority and a trustee named in the Term Sheet (the “Trustee”), as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. The Authorized Signatories are hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Trustee, the Indenture in substantially the form filed with the Authority, with such insertions, deletions or changes therein (including, without limitation, insertions, deletions or changes therein appropriate to reflect the form of credit enhancement for the Bonds) as the officer executing the same, with the advice of the Attorney General, may require or approve, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof. The dates, maturity dates, interest rate or rates, interest payment dates, denominations, forms, registration privileges, place or places of payment, terms of redemption and other terms of the Bonds shall be as provided in the Indenture, as finally executed.

Section 6. The proposed form of bond purchase contract (the “Purchase Contract”) among the underwriter or underwriters named in the Term Sheet (the “Underwriters”), the Treasurer and the Authority, as agreed to and accepted by the Borrower, as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. The Executive Director of the Authority, acting alone, is hereby authorized and directed, for and on behalf and in the name of the Authority, to execute, acknowledge and deliver to the Underwriters, the Purchase Contract in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein as the Executive Director of the Authority, with the advice of the Attorney General, may require or approve, and with particular

information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The proposed form of official statement (the “Official Statement”) as filed with the Authority prior to this meeting or as provided in Section 8, is hereby approved. Each of the Authorized Signatories, acting alone, is hereby authorized, for and on behalf and in the name of the Authority, to execute and deliver the Official Statement in substantially the form filed with or approved by the Authority, with such insertions, deletions or changes therein as such officer, with the advice of the Attorney General, may approve or require, and with particular information inserted therein in substantial conformance with the Term Sheet, such approval to be conclusively evidenced by the execution and delivery thereof. The Underwriters are hereby authorized to distribute and deliver copies of the Official Statement to purchasers of the Bonds, with such changes therein as may be approved or required by the Attorney General. The distribution of copies of the Official Statement in preliminary form is hereby authorized and approved. Each of the Authorized Signatories, acting alone, is hereby authorized and directed to execute and deliver any amendments or supplements to the Official Statement which include, without limitation, amendments or supplements to the Authority’s disclosure set forth in the form of Official Statement filed with or approved by the Authority, which they may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds.

Section 8. The forms of the Loan Agreement, the Indenture and the Purchase Contract described in Sections 4, 5 and 6 hereof, respectively, shall, if not on file with the Authority, be substantially similar to the 2008 model loan agreement, indenture and purchase contract on file with the Authority; and the form of the Official Statement described in Section 7 hereof shall, if not on file with the Authority, be substantially similar to the Official Statement executed in connection

with the issuance of the California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Northern Recycling & Waste Services, LLC Project) Series 2007A; in each case with particular information inserted therein in conformance with the Term Sheet.

Section 9. The Chairman of the Authority is hereby authorized and directed to execute, by manual or facsimile signature, in the name and on behalf of the Authority and under its seal, the Bonds, in one or more series, in an aggregate principal amount not to exceed \$4,195,000, in accordance with the fully executed and delivered Indenture and the form of bond set forth therein.

Section 10. The Bonds, when so executed, shall be delivered to the Trustee under the Indenture for authentication by the Trustee. The Trustee is hereby requested and directed to authenticate the Bonds by executing the Trustee's certificate of authentication appearing thereon. The Trustee is hereby requested and directed to deliver the Bonds, when duly executed and authenticated, to The Depository Trust Company, New York, New York, on behalf of the Underwriters in accordance with written instructions executed on behalf of the Authority by an Authorized Signatory, which instructions said officer is hereby authorized and directed, for and on behalf and in the name of the Authority, to execute and to deliver to the Trustee. Such instructions shall provide for the delivery of the Bonds to The Depository Trust Company, on behalf of the Underwriters thereof, upon payment of the purchase price thereof.

Section 11. The Authority hereby dedicates and confirms its allocation to the Bonds issued in a tax-exempt mode (the "Tax-Exempt Bonds") of a portion of its private activity bond limit, as previously received, carried forward or to be received from the California Debt Limit Allocation Committee, in an amount up to the applicable principal amount of Tax-Exempt

Bonds issued and delivered to finance certain costs of the Project, so as to satisfy the requirements of Section 146(e) of the Internal Revenue Code of 1986, with respect to the Tax-Exempt Bonds.

Section 12. As requested by the Borrower, the Authority hereby waives the requirement for an in-furtherance certificate relating to the solid waste disposal facilities portion of the Project pursuant to Section 44533(a) of the Act.

Section 13. Each of the Authorized Signatories, acting alone, is hereby authorized and directed, acting alone, to do any and all ministerial acts, including (without limitation) the execution and delivery of any and all documents and certificates, including the tax certificate, they may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds, and otherwise to effectuate the purpose of this resolution. The Treasurer is hereby requested and authorized to take any and all acts within his or her authority as agent for sale that he or she may deem necessary or advisable in order to consummate the issuance, sale, delivery or remarketing of the Bonds, and otherwise effectuate the purposes of this resolution.

Section 14. This resolution shall take effect immediately upon its passage. The adoption by the Authority of this final resolution for the Borrower shall not be referred to in any application before any government agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to construct or operate the Project.

EXHIBIT A

TERM SHEET

Name of Issue: California Pollution Control Financing Authority Variable Rate Demand Solid Waste Disposal Revenue Bonds (Solid Wastes of Willits, Inc. Project) Series 2008A (the “Bonds”)

Maximum Amount of Issue: \$4,195,000 (tax-exempt)

Issuer: California Pollution Control Financing Authority (the “Authority”), Sacramento, CA

Borrower: Solid Wastes of Willits, Inc.

Trustee: The Bank of New York Trust Company, N.A.

Senior Underwriter or Placement Agent: Westhoff, Cone & Holmstedt

Bond Counsel: Leslie M. Lava, Esq.
Sausalito, CA

Remarketing Agent: Westhoff, Cone & Holmstedt

Project: Finance (i) the construction and equipping of, and site improvements to, a materials recovery facility and a diesel fueling station and the acquisition of equipment for the collection, processing and transfer of solid waste to be located at 350-351 Franklin Avenue, Willits, California 95490; (ii) improvements to an existing transfer station and site improvements to be located at 40855 Fish Rock Road, Gualala, California 95445; (iii) the acquisition or retrofitting of rolling stock and vehicles for the collection, processing and transfer of solid waste and the acquisition of collection carts, all which may be located from time to time at the locations listed in item (i) or (ii) above or at any of the following additional locations: (a) 90500 Refuse Road, Covelo, California 95428; (b) 1825 Branscomb Road, Laytonville, California 95454; (c) 37551 North Highway 1, Westport, California 95488; (d) 39992 South Highway 1, Gualala, California 95445; (e) 5801 Eastside Road, Talmage, California 95481; and (f) 555

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Fort Bragg Road, Willits, California 95490; and (iv) the acquisition of collection carts to be located with customers in the City of Willits, California, in various unincorporated portions of Mendocino County, California and/or in the Brooktrails Township Community Services District.

Maximum Bond Term:	Not to exceed 30 years
Type of Sale:	Negotiated sale
Description of Minimum Denominations:	\$100,000 or any integral multiple of \$5,000 in excess thereof while in variable rate mode
Financing Structure:	Variable rate demand bonds; convertible to fixed rate pursuant to the Indenture
Maximum Interest Rate:	12%
Letter of Credit:	Provided by Union Bank of California, N.A.
Other Credit Enhancement:	Not applicable
Anticipated Bond Rating:	“A+/F1” (minimum “A-”)
Type of Financing:	Solid waste disposal revenue bonds
Prepared by:	Leslie M. Lava, Esq. (415) 331-6464

**RESOLUTION OF THE CALIFORNIA
POLLUTION CONTROL FINANCING AUTHORITY
RELATING TO ASSISTANCE FROM THE SMALL
BUSINESS ASSISTANCE FUND FOR
SOLID WASTES OF WILLITS, INC.
AND/OR ITS AFFILIATES**

March 26, 2008

WHEREAS, the California Pollution Control Financing Authority (the “Authority”) has approved the application of Solid Wastes of Willits, Inc. (the “Borrower”), for financial assistance to finance the construction and equipping of, and site improvements to, a materials recovery facility and diesel fueling station, the construction of improvements to an existing transfer station, the acquisition or retrofitting of rolling stock and vehicles for the collection, processing and transfer of solid waste and the acquisition of carts, bins, containers and other equipment for the collection, processing and transfer of solid waste, all of which will be used to serve the Borrower’s customers throughout its service territories in one or more areas of incorporated and unincorporated Mendocino County, California, as more particularly described in Application No. 795(SB) of the Borrower (the “Project”) and has adopted its Resolution 471 (the “Final Resolution”) authorizing the issuance of revenue bonds to provide such financial assistance; and

WHEREAS, the Authority has established the Small Business Assistance Fund (the “Fund”) to assist small businesses to obtain pollution control financing through the issuance of tax-exempt revenue bonds (the “Bonds”); and

WHEREAS, the Authority has received and accepted an application from the Borrower for assistance from the Fund; and

WHEREAS, the Borrower has demonstrated a financial capability to make loan payments to the satisfaction of the issuer of a direct pay letter of credit securing the Bonds, as named in the Final Resolution; and

WHEREAS, authorization of assistance from the Fund is now sought;

NOW, THEREFORE, BE IT RESOLVED by the California Pollution Control Financing Authority, as follows:

Section 1. The Borrower (as defined in the Final Resolution) is a “Small Business” as classified pursuant to Title 13 Code of Federal Regulations, Part 121, Subpart A (1-1-94 Edition) or it has 500 employees or less, and is otherwise eligible for assistance from the Fund.

Section 2. The Project constitutes a “project” within the meaning of the California Pollution Control Financing Authority Act.

Section 3. The Authority hereby authorizes and approves up to \$197,120 of assistance from the Fund to the Borrower to be used for payment of initial Letter of Credit fees and certain costs of issuance of the Bonds. The actual amount of assistance shall be determined by the Executive Director of the Authority based upon the final terms of the sale of the Bonds.

Section 4. The Executive Director of the Authority is hereby authorized and directed, jointly and severally, to do any and all ministerial acts and to execute and deliver a contract for financial assistance with the Borrower in conformance with the terms of this resolution, which he or she may deem necessary or advisable in order to provide the assistance from the Fund and otherwise to effect the purposes of this resolution.

Section 5. This resolution shall take effect immediately upon adoption hereof. The adoption by the Authority of this resolution for the Borrower shall not be referred to in any

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application before any government agency as evidence of the feasibility, practicality or suitability of the Project or in any application for any required permission or authority to construct or operate the Project.